

Table T04-0144
Kerry Plan vs. Current-Law Baseline:
Size of Individual Income Tax Change for all Filing Units and Businesses, 2005 ¹

Size of Income Tax Change (current \$)	All Tax Units ²			Any Business Income or Loss ³			With Business Income > 50 Percent of Earnings ⁴			Sole Proprietorships With Employees ⁵			Businesses With Employees ⁶		
	Number (thousands)	Percent of Total	Average Tax Change (\$)	Number (thousands)	Percent of Total	Average Tax Change (\$)	Number (thousands)	Percent of Total	Average Tax Change (\$)	Number (thousands)	Percent of Total	Average Tax Change (\$)	Number (thousands)	Percent of Total	Average Tax Change (\$)
Tax Increase															
Over 50,000	135	0.1	170,538	95	0.4	179,564	57	0.5	182,842	4	0.2	185,089	59	0.3	185,603
10,001-50,000	507	0.3	21,509	303	1.2	22,140	156	1.5	22,570	18	1.0	21,502	165	1.0	22,515
5,001-10,000	244	0.2	7,350	129	0.5	7,357	66	0.6	7,326	13	0.7	7,285	67	0.4	7,360
1,001-5,000	508	0.3	2,518	242	1.0	2,547	113	1.1	2,546	23	1.3	2,332	115	0.7	2,579
501-1,000	133	0.1	729	63	0.3	742	30	0.3	743	4	0.2	678	26	0.2	738
101-500	277	0.2	257	111	0.4	273	50	0.5	292	9	0.5	301	31	0.2	274
1-100	202	0.1	40	53	0.2	41	15	0.1	40	1	0.1	42	9	0.1	44
No Tax Change	51,996	35.8	0	6,475	26.2	0	4,817	46.8	0	426	24.3	0	828	4.9	0
Tax Cut															
1-100	34,476	23.7	-58	3,356	13.6	-58	1,259	12.2	-57	162	9.3	-58	3,005	17.9	-58
101-500	22,910	15.8	-275	4,898	19.8	-269	1,485	14.4	-257	365	20.8	-272	4,399	26.2	-272
501-1,000	15,984	11.0	-720	4,185	17.0	-729	985	9.6	-722	330	18.8	-727	3,784	22.5	-730
1,001-5,000	17,905	12.3	-1,912	4,752	19.3	-2,042	1,255	12.2	-2,112	397	22.6	-2,079	4,291	25.5	-2,211
Over 5,000	44	0.0	-5,641	18	0.1	-5,817	5	0.0	-5,216	1	0.1	-5,214	20	0.1	-5,986
All with Tax Increase	2,006	1.4	18,540	995	4.0	25,468	485	4.7	30,206	71	4.1	17,532	471	2.8	32,675
All with Tax Cut	91,319	62.8	-594	17,209	69.7	-835	4,989	48.5	-770	1,256	71.6	-941	15,500	92.3	-739
All Tax Filing Units	145,321	100.0	-118	24,678	100.0	445	10,291	100.0	1,051	1,753	100.0	39	16,799	100.0	2,544

Sources: Urban-Brookings Tax Policy Center Microsimulation Model (version 0304-4).

(1) Calendar year. Baseline is current law (prior to the Working Families Tax Relief Act of 2004). Includes extending provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA) affecting the following: marginal tax rates; the 10-percent bracket; the child tax credit; the child and dependent care credit; the limitation on itemized deductions (Pease); the personal exemption phaseout (PEP); the standard deduction, 15-percent bracket, and EITC for married couples; the AMT; pension and IRA provisions; 15 percent tax rate on qualified dividends and capital gains (0 percent for lower-income taxpayers). The Kerry plan includes the following additional provisions: increase top two marginal tax rates to 36 and 39.6 percent; increase tax rate on capital gains to 20 percent for taxpayers in the top two tax brackets; increase tax rate on dividends to 36 and 39.6 percent for taxpayers in the top two tax brackets; enact the College Opportunity Tax Credit.

(2) Includes both filing and non-filing tax units. Tax filing units that are dependents of other taxpayers are excluded from the analysis.

(3) Returns reporting either income or loss on Schedule C or F; or non-passive income or loss from partnerships and S-corporations on Schedule E.

(4) Returns with the absolute value of business income as defined in note (2) greater than the sum of that absolute value plus wages and salaries.

(5) Returns claiming a deduction for wages paid on Schedule C.

(6) Includes sole proprietorships, partnerships, and S-corporations. Assumes that 28 percent of partnerships have employees, 77 percent of S-corporations have employees; and that 100 percent of returns with both have employees (Census Bureau figures from 1997).